

Message Text

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ACTION EA-14

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FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 7083

INFO USLO PEKING

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E. O. 11652: N/A

TAGS: ETRD CH US

SUBJECT: US SMALL BUSINESSMEN FORM ASSOCIATION AT CANTON TRADE
FAIR

REF: HONG KONG A-144

SUMMARY: DISTRESSED BY NEWS AND RUMORS FROM THE STATES ABOUT
THE COMPOSITION OF THE NATIONAL COUNCIL FOR US- CHINA TRADE
AND ITS EXPENSIVE FEES FOR MEMBERSHIP, FEARFUL THAT IT COULD
CUT SMALL FIRMS OUT OF THE US- CHINA TRADE, AND CONVINCED
THAT THE EMPHASIS ON BIG FIRMS TO THE VIRTUAL EXCLUSION OF SMALL
ONES REPRESENTS A SERIOUS MISCALCULATION OF THE WAY PEKING
DOES BUSINESS, A NUMBER OF US BUSINESSMEN AT THE CANTON TRADE
FAIR DECIDED TO FORM
THE " ASSOCIATION OF AMERICANS ATTENDING
THE KWANGCHOW TRADE FAIRS." ITS PURPOSES INCLUDE ASSISTING
AMERICANS IN DOING BUSINESS WITH THE PRC, PROVIDING A MEDIUM
FOR THE EXCHANGE OF VIEWS AMONG US BUSINESSMEN AND REPRESENTA-
TIVES OF RELEVANT PRC ORGANIZATIONS, PROVIDING A MEDIUM FOR
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THE EXPRESSION OF VIEWS ON US- PRC TRADE MATTERS TO THE CONGRESS AND THE EXECUTIVE, COOPERATING WITH THE NATIONAL COUNCIL AND WORKING TOWARD MFN TREATMENT FOR PRC EXPORTS TO THE US. AS OF THE CLOSE OF THE FAIR, THE ASSOCIATION' S PLANS WERE TO PUBLICLY ANNOUNCE ITS EXISTENCE IN WASHINGTON ABOUT THE SAME TIME THE NATIONAL COUNCIL HOLDS ITS INAUGURAL CONFERENCE ON MAY 31. END SUMMARY.

1. A GROUP OF AMERICAN BUSINESSMEN ATTENDING THE 33 RD CHINESE EXPORT COMMODITIES FAIR (CECF) AT KWANGCHOW DECIDED ON APRIL 24 TO FORM THE " ASSOCIATION OF AMERICANS ATTENDING THE KWANGCHOW TRADE FAIRS." THE PRIMARY REASON FOR THIS ACTION WAS THEIR ASSESSMENT THAT THE NATIONAL COUNCIL FOR US- CHINA TRADE (NCUSCT OR NATIONAL COUNCIL) WAS MOVING IN DIRECTIONS INIMICABLE TO THE INTERESTS OF SMALL BUSINESS. THESE MEN-- A NUMBER OF THEM EXPERIENCED CHINA TRADERS AND ALL OF THEM CURRENTLY IN THE PRC TO DO BUSINESS-- WERE DISTRESSED TO LEARN THAT NCUSCT' S EXECUTIVE COMMITTEE INCLUDED ONLY ONE MAN (ARTIERES) WHO HAD EVER ATTENDED A CANTON TRADE FAIR AND THAT THE REST HAD NO OBSERVABLE CONNECTION WITH CHINA TRADE. THEY WERE EVEN MORE UPSET TO LATER LEARN FROM A COPY OF NCUSCT' S LETTER TO PROSPECTIVE MEMBERS THAT THE LOWER- PRICED MEMBERSHIP (FOR FIRMS GROSSING LESS THAN \$50 MILLION PER ANNUM) WAS \$1,000 , WHICH REPRESENTED A SIGNIFICANT PORTION OF THE PROFITS FROM CHINA TRADE OF MANY OF THESE FIRMS.

2. ALTHOUGH A FEW FELT THAT THE NATIONAL COUNCIL HAD JUST NOT THOUGHT THE PROBLEMS THROUGH CAREFULLY, THE MORE CYNICAL AMONG THEM CONSIDERED THAT THESE DEVELOPMENTS INDICATED A BIAS AGAINST SMALL FIRMS ON THE PART OF THE NATIONAL COUNCIL AND WERE INTENDED TO KEEP SMALL FIRMS OUT OF THE NCUSCT AND PERHAPS TO DRIVE THEM OUT OF THE CHINA TRADE. SEVERAL SAID THEY THOUGHT THESE ACTIONS BY THE NATIONAL COUNCIL WERE BASED ON SERIOUS MISCALCULATIONS ABOUT PEKING' S WAY OF DOING BUSINESS. THEY HAD DETECTED NO INDICATIONS THAT PEKING PREFERRED TO DEAL ONLY WITH LARGE CORPORATIONS; IN FACT, THEY RECALLED PRC MEDIA ATTACKS ON LARGE CORPORATIONS AS EXPLOI
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